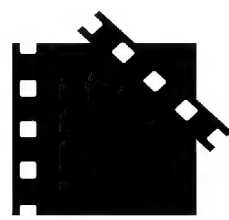


In its 31-year history, New Line Cinema has developed a reputation as a smart, scrappy movie-industry innovator. But an eight-month investigation of the company reveals troubling allegations of drug use, heavy drinking, and sexual harassment. Has New Line's fast-and-loose corporate culture become a professional liability, or is it really true that nothing succeeds like excess?

Flirting With Disaster

THE DINNER'S OPENING COURSE WAS simple, almost elegantly so. At each place setting there was a single shot glass filled with tequila. New Line Cinema, the independent-film company that had started out as a minor distributor and was now in the midst of a pell-mell expansion that would see it taking on the major studios, was holding a corporate retreat in Snowmass Village, Colorado. The day's work done, the predinner tequila shots were a way of saying: The party starts here. It was all in keeping with the feisty, outsider image the company had cultivated. The clean-living, Pellegrino-sipping corporate ethos espoused by much of the movie industry in the early '90s wasn't for New Line. By the end of the evening, "people were wasted," recalls one attendee of the 1992 affair. "It was like the very worst college frat party."

BY JOHN CONNOLLY



NEW LINE

And not just in terms of alcohol consumption. For one young female executive, who has since left the company, the night would turn ugly. After the dinner, New Line president Michael Lynne accompanied the woman to other parties happening at the resort. During a van ride from one party to another, Lynne put his arm around her in a possessive manner. Soon after that point, the young woman, suspecting where this was heading, stopped drinking for the night.

A friend in whom the executive confided says, "At about 4 a.m. she was totally exhausted and told Lynne she was going back to her suite. Lynne accompanied her." Lynne's suite, which he was sharing with New Line chairman Robert Shaye, was at the end of a hallway, directly across from hers. "When they arrived at their rooms, Lynne threw her against the wall, slammed his body into hers, and put his tongue in her mouth. She didn't know what to do. She tried to demur from his advances, but he wouldn't back off."

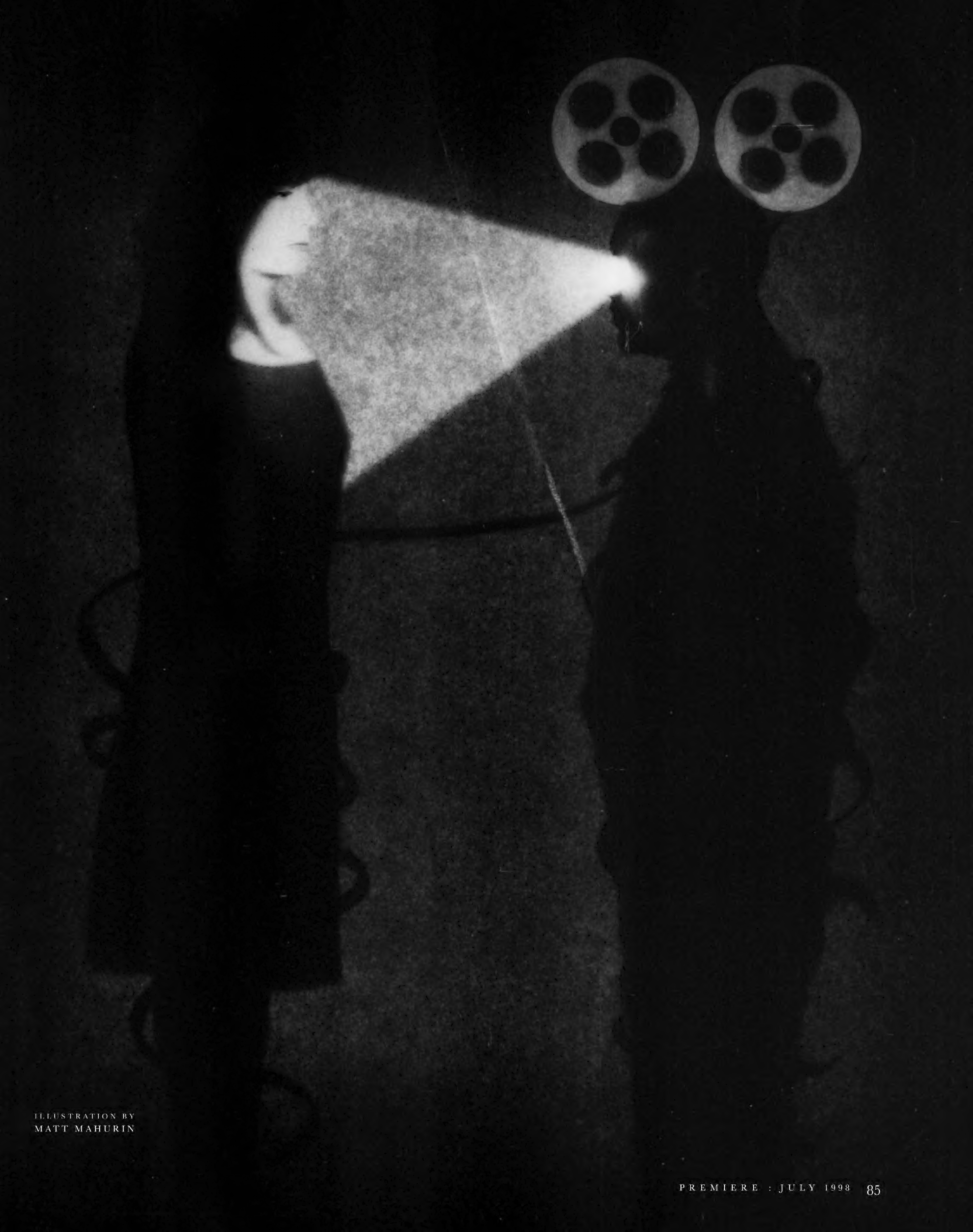


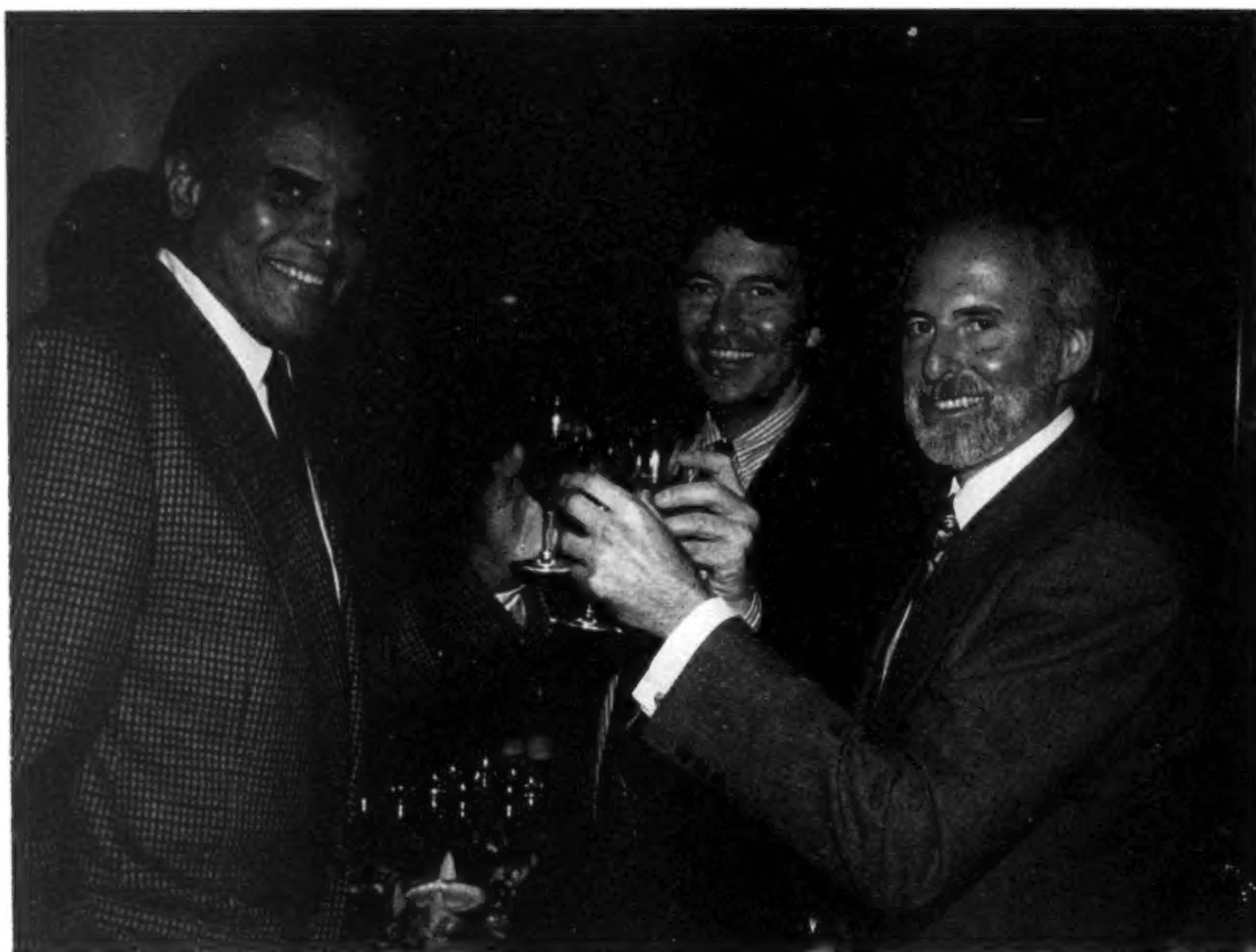
ILLUSTRATION BY
MATT MAHURIN

"What she regarded as one of the worst nightmares of her life, he seemed to regard as the beginning of a beautiful thing. The next night, he cornered her at one of the parties and told her how much fun the night before was, and that he was looking forward to seeing her more often back in New York."

The executive didn't want Lynne's attentions, but she did want her job. In the end, though, she could have saved herself some subsequent grief by giving notice that night in Snowmass. "For the next year and a half, Lynne periodically dogged her," the friend says. "He would tell her his wife wasn't around, [and ask] if she wanted to have a drink; and she tried to put him off. Which eventually involved her removing herself from his corporate inner circle, which definitely compromised her future at the company."

Other sources in whom this executive confided support this account. Regarding this and other allegations of sexual harassment, sexual misconduct, drug use, and alcohol abuse within New Line Cinema—which were uncovered during PREMIERE'S eight-month investigation of the company—a designated corporate spokesperson says, "Such allegations are totally false, and any suggestion to the contrary is completely irresponsible."

THE FAST-AND-LOOSE corporate culture of New Line has long been a source of fascination within the film community. But the gossip exploded out into the open last March 20, just three days before the Oscars, when New Line president of production Michael De Luca was ignominiously ejected from an elite party at the house of William Morris Agency president Arnold Rifkin. In that widely reported incident, De Luca was asked to leave after guests witnessed him engaging



THE KINGS OF 'PRUDENT AGGRESSION': New Line founder and CEO Robert Shaye, middle, and New Line president Michael Lynne, right, toast Kansas City star Harry Belafonte. The New Line slogan, *PRUDENT AGGRESSION*, was thought by some to describe the execs' personalities.

dozens of industry professionals and former and current New Line employees discussed widespread examples of questionable behavior, including sexual harassment, at top-management levels. (An attorney for the firm's principals denies the allegations.)

Although many of those interviewed requested anonymity (Hollywood, after all, is a town in which even bitter enemies publicly profess their affection for one another), not all of the expressions of concern came from disgruntled employees or bad-mouthing competitors. I loved working at New Line; it was

New Line party, not an Arnold Rifkin party." Another producer who's worked with the company says, less charitably, "It starts with Bob Shaye—who is an angry, mean-spirited man who drinks too much—and works its way down. New Line is the definition of a dysfunctional family."

Robert Shaye, 59, the intensely driven, intensely contradictory patriarch of this family, founded New Line in 1967, and has presided over it as it's changed from a small distributor of arty and outrageous oddities to one of the most successful independent-film production and distribution companies in the world. It's a company without whose example indie behemoth Miramax might never have existed.

A graduate of Mumford High School, in Detroit, and later of Columbia Law School, Shaye, a consummate film fan, worked in the Museum of Modern Art's film-archives department before breaking into distribution. He began the company in a fifth-floor walk-up on New York City's then-seedy East 14th Street. Back in those days, his devotion to movies was so intense that he installed a projector in his infant daughter's bedroom, drilling a hole in the wall to give the projector sufficient "throw" to show movies in the adjacent room.

The company peddled cult films such as *Reefer Madness* and the misbegotten Godard-Rolling Stones documentary, *Sympathy for the Devil*, to college campuses. Later, Shaye confirmed his eye for talent—and for publicity-garnering scandal—by distributing the early features of John Waters, among them

"I LOVED working at New Line," SAYS A ONE-TIME EXECUTIVE. "BUT IT IS A FAMILIAL ENVIRONMENT, AND NO ONE CAN HURT YOU LIKE YOUR OWN FAMILY."

in a sexual act with a young woman, in a part of the house that, unbeknownst to the couple, was somewhat less than private. The embarrassing incident brought to light a perception that has quietly existed for some time: That New Line's top executives can, at times, cross the line between dubious personal behavior and professional liability. New Line's ethos was formed in the turbulent 70s and has been reinforced ever since by its corporate self-image as the rule-breaking bad boys of the movie business. During PREMIERE'S investigation,

one of the best times I've had in this business," says Chris Pula, a former president of marketing at the company. "But there is an adolescent culture there. It is a somewhat familial environment—and no one can hurt you more than your own family."

"Shaye and Lynne run the place like a college dorm," says a producer who has worked often with the firm. "It's as if these guys think they're playing a game of poker and no one can see them. It's kind of like with De Luca at that party—maybe he thought he was at a

the still-ultra-outrageous *Pink Flamingos*. The early years were lean ones, though Shaye was aided by his affluent parents, who owned a chain of food stores. His father, Max, was an original investor in the fledgling company.

Always careful with company money, Shaye kept New Line profitable by distributing low-budget niche movies, often in the horror genre. *The Texas Chainsaw Massacre* (1974), generally assessed by critics as one of the best of the latter-day horror films, was bound to get noticed—its title alone was an eyebrow-raiser—and it became a box office hit. But the company really struck pay dirt by producing and distributing Wes Craven's *A Nightmare on Elm Street* (1984), which started a franchise that would yield seven films in all. Today's New Line is, in many ways, the house that Freddy Krueger built.

The success of the *Nightmare* series (the first three films grossed more than \$100 million combined) gave New Line the financial platform to take the company public. In a prospectus filed with the Securities and Exchange Commission in 1986, the most significant part of the company's description pertains to the revenues generated by the *Nightmare* movies. In an industry notorious for its erratic cash flow, the *Nightmare* profits were not only huge but also fairly reliable. The significance of this point was not lost on Wall Street, and the now-defunct brokerage firm Drexel Burnham Lambert had no problem selling New Line shares to the public in 1986.

As the '80s Wall Street boom faded—and as other upstart independents, including Vestron, DeLaurentiis, and Carolco, fell by the wayside—New Line thrived. Shaye combined a personal brashness with a risk-taking savvy rare in a movie business that was becoming increasingly cowed by the dictatorship of the focus group. His risks weren't always in the service of high art, but they paid off handsomely. The hugely successful *Teenage Mutant Ninja Turtles* (acquired for only \$3 million, the 1990 release went on to gross \$135 million) launched the company into the financial stratosphere. In less than a decade, New Line's credit agreements with banks would go from \$13 million to \$150 million. Former New Line executive Mary Parent believes the company's success can't be separated from the personalities of its top executives: "Some people may be offended by the directness of some of the people at New Line, but they are uniquely talented people who can find a gem of an idea in a rock."

In 1990, Shaye promoted himself to chairman, and brought in his law-school friend and former outside counsel, Michael Lynne, to serve as president of New Line. The move prepared the company for a period of explosive growth. (It was a company joke that New

Line's longtime slogan, PRUDENT AGGRESSION, referred to the passive-aggressive tendencies employees saw in both Shaye and Lynne.) In 1990, with the company increasingly focusing on larger-scale productions, Shaye formed Fine Line Features, an art-film division headed by Ira Deutchman, a successful producer of independent films. Deutchman hit a home run in 1992 with the release of the critically acclaimed and financially successful *The Player*. Shaye, hungry for control over product, wanted Fine Line to produce more of its own releases. Deutchman balked at the idea—"It is an oxymoron to think that you can manufacture an art film," he says—and stuck to the strategy of primarily acquiring independently produced pictures. He left the company in 1995 and was replaced by Ruth Vitale, who oversaw another high point for Fine Line: the release of the indie hit *Shine*, in 1996. She recently left the company and has been replaced by Fine Line's former acquisitions head Mark Ordesky.

In the middle of 1993, Ted Turner surprised the entertainment business by acquiring both New Line and Castle Rock Entertainment. Although many industry sources believed he overpaid for both companies, the deal gave Turner access to much-needed material for his cable stations. New Line was acquired for \$550 million, and Shaye made at least \$86 million in stock on the deal—in addition to his yearly salary at that time of \$1.5 million plus bonuses and perks. He also retained autonomy as head of the company. Shaye has said of his relationship with Turner, "I like to think of myself as a little off-center. It's my nature. And Ted's a little off-center, too."

Off-center is a relative term. And the infusion of wealth and newfound industry respect that resulted from the Turner deal made life at New Line more off-center than it ever had been. In particular, Shaye's fondness for drinking began to concern friends and associates. The warning signs had been there for years. At a 1992 New Line conference dinner, for example, embarrassed executives found Shaye passed out on a couch outside the dining room. One recalls, "I suggested that we leave him there to sleep it off, but it was decided that it didn't look good for the chairman of New Line to be sleeping off a drunk in a public place." (An attorney for Shaye responds: "[Shaye] engages only in recreational drinking in the ordinary course.")

In the movie business today, Shaye's relationship with alcohol is an accepted fact. But even critical assessments are often tinged with affection and respect. Filmmaker Albert Hughes (*Menace II Society*) says, "Everybody knows that Shaye [drinks], but the guy can still remember things. In 1993 my brother [and partner], Allen, and I were out to dinner

THE NEW LINE FORMULA

THE COMPANY WAS BUILT ON THE CANNY EXPLOITATION OF MARKET NICHE THE BIG STUDIOS RARELY TOUCHED.



'Pink Flamingos,' 1972: New Line's savvy marketing of this trash classic practically created the "midnight movie."



The 'Elm Street' Series, 1984-1994: The first three films were box office smashes that boosted New Line's finances.



'Dumb and Dumber,' 1994: Jim Carrey's \$7 million salary made Hollywood gasp—another smart NL gamble.



'BOOGIE NIGHTS,' 1997: The sort of edgy fare that still scares most studios

with Shaye, Robert Altman, a Dallas socialite friend of Shaye's, and others. Shaye was dead-ass drunk, and I was complaining to him that [someone who we didn't think should have been] was making money off the soundtrack to our movie. We argued. A week later Shaye called me and said I was right—this guy was making money on us. I couldn't believe that Shaye even remembered the conversation. But he was man enough to call me and tell me I had been right. We never got the money, though."

It seems to some that the more success Shaye finds, the less happiness accompanies it. "After the Turner buyout and the Time Warner merger, I think Shaye felt he [had] sold out," says former New Line marketing head Chris Pula. Another former executive says Shaye announced the buyout with tears in his eyes. "Shaye hates growing old," a former associate says. "He spends a lot of time thinking about life—its meaning. He's basically a good person trapped in this crappy veneer. He's his own worst enemy."

As if in concert with Shaye's slipping sense of personal moderation, New Line's long-standing financial prudence seemed to go out the window. Though it never abandoned low-budget niche films, the company increasingly began to gamble on bigger-budget pictures. In a 1991 *New York Times* story, Shaye was quoted as saying, "The big Hollywood companies have always made the big movies for everyone because of their overhead and mind-set. They can't afford to do a movie that brings in \$15 million to \$20 million at the box office. But we like that business." Three years later, in the same publication, Shaye, now flush with Turner's money, said, "We can browse in more expensive shops, but we still believe ourselves to be smart shoppers."

The trend hit a wall in 1996, as New Line's movie budgets climbed to big-studio levels but revenues didn't follow. The company had paid a reported \$4 million for the script that would become the Geena Davis vehicle *The Long Kiss Goodnight*, and spent \$16 million to cast Bruce Willis in *Last Man Standing*. Despite budgets of \$65 million and \$67 million, respectively, the two films grossed less than \$54 million combined. During the same period, the expensive location shoot of *The Island of Dr. Moreau* was descending into the kind of chaos every studio fears.

It was an awkward time for New Line. The year before, owner Turner had merged his media empire with the sprawling communications conglomerate Time Warner. That company already owned one studio—the then-at-the-top-of-its-game Warner Bros.—and was constantly searching for ways to reduce its massive



WILD WUNDERKIND: *New Line's* brash head of production Michael De Luca

debt load. It seemed to make sense, then, for Time Warner to put New Line up for sale. But with New Line's winning formula going south (notwithstanding the success of *Shine*), no buyers were found. As New Line business improved, the idea of selling the company fizzled out. Evaluating New Line's importance within the Time Warner family, Harold Vogel, entertainment industry analyst for Cowen and Company, in New York, says, "As a part of Time Warner, you can't put too much weight on New Line. When you look at Time Warner as a whole, there are at least five major categories—cable, music, and so on—that you have to take into consideration before you look at New Line. You value it, of course, but ultimately it represents \$1 billion within a \$50 billion company. It's not a small deal; it's not

again." In 1994, producer David Permut sued the company for \$35 million, charging that he had been denied a production credit for *Dumb and Dumber*. Producers suing studios is not unheard of in Hollywood, but after a bit of saber-rattling, such lawsuits are usually settled quietly. This one went to trial. New Line's decision to settle came just hours before a jury was expected to deliver a verdict. Permut's settlement prohibits him from talking about the case, but when PREMIERE asked a source close to the case why it had gone to trial in the first place, the source replied, "It's about the size of Bob Shaye's dick—he didn't want to admit he was wrong."

Endowment size aside, the arrogance is not gender-specific. During the Permut trial, longtime New Line exec Sara Risher provided the court with some inadvertent comic relief: When asked by Permut's lawyer why she had sent a memo informing Permut that New Line would no longer pay for his bottled water, Risher replied that she had wanted to feel powerful. Months after the trial, Permut ran into Shaye at Chasen's restaurant, and when the producer put out his hand to shake Shaye's, the mogul shouted, "I'm not shaking your hand!" Another lawsuit that doesn't seem to be going away involves director William Friedkin, who charges that New Line reneged on a deal to produce a Jack the Ripper film with him.

SOME OF SHAYE'S SUPPORTERS—and there are many—argue that his tendency toward personal immoderation has no bearing on his ability to run the company, that these are private rather than professional matters. But a lack of personal restraint can have professional repercussions, especially in Hollywood, where the spheres of work

**"WOMEN DON'T LEAVE NEW LINE,"
SAYS ONE FORMER EXECUTIVE OF THE
SEXUAL POLITICS AT THE COMPANY.**

"THEY GET CARRIED OUT IN BODY BAGS."

invisible. But in the greater scheme of things, it doesn't matter all that much."

STILL, THE NEW LINE brass enjoyed looking like a big deal. The professional swagger they stepped up once they started "brows[ing] in more expensive shops" alienated more than one Hollywood player. A producer who claims to have been the butt of a New Line exec's secondhand barbs says, "I'll never work with those bastards

and play so frequently overlap. Some associates of the company and former New Line executives, speaking on the condition of anonymity, recall observing the married Shaye's making unwelcome advances toward women. (He met his wife, Eva, in 1964, while in Sweden on a Fulbright scholarship.) Although many express sympathy and respect for Shaye in almost the same breath as they recall his erratic behavior, the complaints build up (Continued on page 97)

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NEW LINE

(Continued from page 88)

to a kind of litany. A major New Line producer: "If I were at a dinner party and saw that my wife was to sit next to Shaye, I'd change her place card. Otherwise, she'd spend the night trying to keep Shaye's hands off her thighs." A former New Line executive says, "There wasn't a woman's ass in my department that hadn't been grabbed by Bob Shaye. He's a pig." But by all accounts, Shaye's clumsy come-ons seem easily shaken off. Not one of the women contacted by PREMIERE says she felt pressured to acquiesce or suffered any repercussions for turning down his advances. (An attorney for Shaye states that he has never made any advances toward New Line employees.)

The allegations regarding Michael Lynne are another matter.

Following the incident at the Snowmass retreat, Lynne turned his attentions to another female executive at New Line. A producer in whom this executive had confided at the time—and who spoke to PREMIERE with the executive's approval—tells the story: "On at least three occasions, Lynne put a heavy move on her. Finally, one night at the Cannes Film Festival, Lynne told her he needed to discuss a project with her, and that he would come to her room after one of the screenings. Once there, Lynne threw himself on top of her, kissed her on the mouth, and breathlessly told her, 'You know we're meant for each other.' [The woman] jumped up and sputtered to Lynne that they were working together, and that, furthermore, Lynne was a married man. Rebuffed but undaunted, Lynne responded that she wasn't married, so what was the problem? Eventually she got Lynne out of her room. Although no overt threat was ever made, the message became clear shortly thereafter that she should look for some other employment. That's sexual harassment, Hollywood "style." An attorney for Lynne denies that he has harassed any New Line employee. A spokesperson for New Line also maintains that there are no legal claims on file involving sexual harassment against the company.

Time Warner refused to provide PREMIERE with any of the company's written guidelines regarding sexual harassment, stating that it is against company policy to do so. But Time Warner corporate spokesperson Karen Mangione states, "We don't tolerate any sexual harassment. We have procedures in place to investigate any complaints. We are in compliance with the law. Appropriate action [is] taken if the investigation determines

that sexual harassment or discrimination [has taken] place." Mangione continues, "Our policy defines what is sexual harassment, which includes any unwelcome sexual advances. We also have a policy in place to protect against retaliation against the complaining employee."

Such a policy would seem ineffective, however, when tested against the unspoken rules of Hollywood politics. One female former executive says, "There are only a half-dozen major studios to work for, and although the occasional sexual harassment at the other studios does not approach that at New Line, nobody wants to hire a whistleblower." Rather than file legal claims, one former exec kept a running record of harassment incidents in her business diary, as insurance in the event either of these guys [Shaye and Lynne] ever bad-mouths me, as they have other former New Line people," she says. Though Lynne's most overt overtures were made in private, the fact that he was pursuing certain employees was known by others associated with the company. At one point in PREMIERE's investigation, a longtime New Line producer complained. "If Michael Lynne would stop trying to fuck [former Fine Line executive] Ruth Vitale, we might get some work done." Another former insider puts it more bluntly: "Women don't leave New Line; they get carried out in body bags." (It's worth noting, however, that several women continue to hold top positions in the company.)

A former New Line executive says of Lynne, "He is very smart. He doesn't go after interns, ingenues, secretaries—people whose positions are so minor that there's no backlash [against them] if they raise a stink. He knows that if a female executive complains about harassment, her career in this business is over. So he only goes after female executives.

"Bob Shaye is a sad, tragic figure," she concludes. "Michael Lynne is another story altogether."

ASK ANYONE WHO KNOWS Michael De Luca to describe him, and the answer is likely to include a mix of admiration and concern. "Ultimately a good person, but with some behavior problems," is how one colleague describes him. A wild child, certainly. But then, he came up in some pretty wild company. Reshuffling his players in the wake of the 1993 Turner deal, Shaye made De Luca the president of production. The pop-culture-savvy Brooklyn native had already been at the company for eight years (he began as an intern), and was only in his late twenties when he took over full responsibility for finding, developing, and producing New Line's feature films.

Manic, driven, and a true Hollywood gunslinger, De Luca soon engineered some of

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New Line's biggest successes. He hired comedian Jim Carrey for \$450,000 for his career-making role, in 1994's *The Mask*. Before the release of that film, De Luca, with Shaye's approval, gave Carrey \$7 million to star in *Dumb and Dumber*. Both films went on to be huge moneymakers, grossing a combined \$250 million. De Luca also approved the Brad Pitt thriller *Seven*, which grossed another \$100 million.

But De Luca's instincts haven't always paid off. *The Last Man Standing* and *Long Kiss Goodnight* debacles were both results of his willingness to roll the dice on long shots. The executive also paid writer Joe Eszterhas \$2.5 million against \$4 million for a short outline of a script that was eventually completely reworked by director Mike Figgis as the 1997 flop *One Night Stand*.

In good times and bad, though, Shaye has seemed to treat De Luca like the son he never had (Shaye has two daughters, both in their twenties). One 1996 executive-committee meeting was interrupted by the arrival of a controversial, just-published *GQ* article that included an account of De Luca's throwing a punch in a restaurant. "Lynne freaked out and began his nervous little giggle," says one executive who was at the meeting. "But Shaye acted like a proud papa—a that's-my-boy kind of thing. I think Shaye secretly wishes he were De Luca."

The two have much in common, including the urge to get more directly involved in moviemaking. Shaye contributed the story line to the 1982 New Line horror romp, *Alone in the Dark*, wherein escaped lunatics hang out at the New York rock club CBGB. ("If your IQ is fifteen, you might enjoy this." —*Leonard Maltin's Movie and Video Guide*.) He also directed 1990's *Book of Love*, a '50s nostalgia-fest made ten years too late. His current contract with Turner has an option for him to direct at least two more pictures. As for De Luca, he concocted the story for *Freddy's Dead: The Final Nightmare*, the penultimate Freddy Krueger picture, and wrote the screenplay for John Carpenter's *In the Mouth of Madness*, a kind of horror-gets-a-comparative-lit-Ph.D. effort, released in 1995. A few months prior, New Line released *Wes Craven's New Nightmare*, a similarly self-reflexive effort in which Shaye appeared as himself. (It must be no small source of annoyance to Shaye and De Luca that these two box office bombs laid the aesthetic groundwork for 1996's enormous *Scream*, which former New Line stalwart Craven directed for Miramax's booming Dimension division.)

In a movie business increasingly dominated by straight-arrow workaholics, De Luca has often maintained an unabashedly rock-star lifestyle. New Line insiders recall in

particular a 1996 corporate retreat the company held at the luxurious Miraval Spa and Resort near Tucson, Arizona. Among the many scheduled activities was a mini cattle drive. "It was like a scene out of *City Slickers*," recalls one participant. "It's late afternoon. 110 degrees, and all these Jews riding horses behind a bunch of cattle. Shaye had insisted that everyone, including De Luca—who couldn't or wouldn't ride—attend the drive. De Luca looked like a lost soul, riding shotgun on the jump seat of the chuck wagon. After about four hours of executives riding and talking on their cell phones, we arrived at a veritable feast set up for us by the spa. No sooner had we arrived than De Luca grabbed a half-dozen or so of the younger executives, commandeered a van, and went back to the spa, where he passed out hallucinogenic mushrooms to his quests, who partied till the next morning."

And into the next day. At one point the following afternoon, Shaye, who had been drinking, made an amorous advance toward one of the female executives who had attended De Luca's private soiree. One of the partygoers recalls, "Normally this woman, who is rather large, would have swatted Shaye away, but being high on the mushrooms, she freaked out. One of the other male partygoers had to take her back to her room and stay with her until she started to come down." (An attorney for De Luca denies that he has ever taken drugs on New Line retreats.)

Most of these stories have been kept inside the New Line family, except for the few that journalists have used to color their glossy-magazine portraits of De Luca. The incident at Arnold Rifkin's party was another matter. The story circulated through Hollywood in a matter of hours and hit the *New York Post's* Page Six a few days later. Soon the staid *Los Angeles Times* weighed in with a feature headlined "De Luca's Behavior Has Town Buzzing, Some Worried." The initial media consensus, at least, was that the Harley-riding 32-year-old had finally gone too far.

De Luca's Hollywood colleagues are not so quick to judge. Producer Arnold Kopelson's initial take on the situation was somewhat different from the *Times*'. "At a party the following night, someone predicted De Luca would be fired," Kopelson recalls. "I said, 'No, he'll get promoted. This is Hollywood. Things like this don't matter.' If this were a corporate structure on Wall Street, it would be otherwise." Writer-director Hugh Wilson (*The First Wives Club*) unhesitatingly calls De Luca "the best movie executive I've ever met," and other filmmakers who've worked with De Luca are unstinting in their praise. An attorney friend of De Luca's compares the attention given to the incident at Rifkin's home with the Clinton-Lewinsky brouhaha, dismissing both as trivial. John

Leshner, an agent at the United Talent Agency says, "De Luca is the best production executive in the business—he has the courage of his convictions." Chris Pula says. "Mike De Luca is the backbone of New Line. He works all the time, and hasn't had a day off since he was 19 years old. [Still,] that is no excuse for the kind of behavior that occurred at the Rifkin party." Arnold Kopelson's recollections of his experience with De Luca on the movie *Seven* reinforce the image of De Luca as a hardworking visionary. He got *Seven* from the beginning, and it was a pleasure having that kind of support from him. Mike De Luca is young and exciting, brash and brilliant."

A William Morris agent who's friendly with De Luca contends, "A year or so ago, I would have said that Mike was partying too much, but not now. This incident was the exception to how he lives today." Though many of those interviewed argue that De Luca's recreational pursuits have little bearing on his capacity to conduct New Line business, others disagree. A producer who has made several pictures with New Line says of De Luca, "I would have a problem and [have to] call him a dozen times to get my calls returned. A week or so later, another executive called me and said, 'Listen, Mike is doing a little partying; he'll get back to you in a week or so.'"

Many of De Luca's colleagues express concern that his behavior might be self-destructive. "Mike De Luca is an accident waiting to happen," says one. An executive close to De Luca says, "I am worried about him. I've seen an incredible improvement in the last two weeks. He wants to be told no. Just like a kid. He wants to know his limits." And Kopelson sighs, "You want to get a blowjob, don't do it in front of 50 people."

De Luca is New Line's favorite son. If he is, in fact, headed down a self-destructive path, it would seem that his superiors are not in the best position to steer him off it. One former studio head offers a comparison: "If the same thing were to have happened to, say, [a Universal executive] that happened with De Luca at the Rifkin party, [Universal parent Seagram CEO] Edgar Bronfman Jr. would have been so humiliated that he would have fired him. Bob Shaye has problems of his own; who is he to throw stones?" A designated spokesperson for New Line states that De Luca apologized to Rifkin, Shaye, and Lynne, and was reprimanded by Shaye and Lynne after the incident.

GIVEN THE SOLID YEAR THAT New Line is having—the company's market share now exceeds that of another motion-picture concern under the Time Warner umbrella, a little studio called Warner Bros.—the problems of its executives would seem to be the only worries Shaye faces. In October 1997 it was reported

that New Line had negotiated International contracts that would provide a significant part of the financing for a slate of twelve to fourteen films to be produced in 1998, with a price tag of at least \$350 million.

Although successful, *Boogie Nights*, produced for \$15 million, was not a blockbuster. But it is certainly in the genre of relatively inexpensive niche films that have traditionally been the driving force behind New Line's success. Similarly, films such as *Austin Powers: International Man of Mystery* and *Wag the Dog*, modestly budgeted efforts that cater to the cultish and the know-something-ish, have proved that New Line's marketing savvy and ability to make engaging movies (which are not always mutually exclusive strengths) remain undiminished. And this year's *Lost in Space*, another foray into big-budget production, was a modest hit and is bound to be a future trivia-question answer: On its opening weekend, the sci-fi TV series spin-off knocked the seemingly unsinkable *Titanic* from the top spot in box office returns.

In recent months, further reports of New Line's ruddy health have appeared in the trades, noting the company's new credit line of about \$750 million and detailing the company's forays into television and animation. Last March, *Variety* noted that "things have certainly changed since the 1995 Turner—Time Warner merger, when New Line was considered the odd studio out and TW toyed with dumping it."

Still, New Line, once the only game in town as far as the so-called indies are concerned, now has to compete with Miramax, TriMark, and Fox Searchlight, to name just a few companies in an increasingly crowded field.

A former member of New Line's advisory board cautions, "The company has eight or nine dogs that cost over \$100 million [combined] to produce that Shaye doesn't know what to do with. Either he will have to invest another \$40 million to \$50 million in marketing these bombs, or take a huge write-off. He's faced with Hobson's choice." A friend of Shaye's who requested anonymity says, "Bob Shaye had a goal, and he accomplished it. But I believe that he regrets selling out to Turner." Many believe Shaye will eventually attempt to take back the company he built. One source says, "I love Bob Shaye. His heart is in the right place. He makes movies for the right reasons."

The question that remains is whether Shaye's love of movies—and of the company he built with that love—is still strong enough. With so much at stake, does he still have it in him to put New Line's house in order? ■

Additional reporting by Anne Thompson

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